



The Chicago Climate Exchange

Performance Track Teleseminar Summary

November 4, 2004

Speakers

- Richard Sandor, chairman and CEO of the Chicago Climate Exchange

Topic Summary

Participants in this teleseminar learned about the Chicago Climate Exchange, which is creating a market for the reduction and trading of greenhouse gas emissions. There were approximately 34 participants.

Key Points from Presentation

The Chicago Climate Exchange, which opened officially in late 2003, is a self-regulatory exchange administering a pilot greenhouse gas emission reduction and trading program for emission sources, sinks, and offset projects in North America and Brazil. Participating companies make a legally binding commitment to cut emissions by 1 percent per year for four years; once they make that commitment they are legally bound to meet it. A conditional third-party audit, to be released shortly, indicates that companies actually reduced their emissions by significantly more than 1 percent in their first year of participation in the exchange. Emissions reductions reported by participants are audited and verified by NASD (formerly known as the National Association of Securities Dealers).

There are currently 75 members in the exchange, including emitters and associate members (non-governmental organizations that purchase emissions credits to neutralize their own carbon emissions), along with consulting firms, universities, agencies, hedge funds, and individual speculators. A list of current members is available [here](#) EXIT disclaimer> .

According to Sandor, companies join the exchange for three main reasons: 1) to minimize risks to shareholders (such as lawsuits against major emitters of greenhouse gases), 2) to maximize shareholder value (e.g., making firms more attractive to socially responsible investors), and 3) to act on their concern for the environment. Additional reasons for joining the exchange include the competitive advantages of getting early trading and monitoring experience and the desire to help create an international greenhouse gas accounting and verification system.

For More Information

Visit the Chicago Climate Exchange website at:
<http://www.chicagoclimatex.com> EXIT disclaimer> .

A Frequently Asked Questions page may be viewed at:
<http://www.chicagoclimatex.com/about/faq.html>
EXIT disclaimer> .

Sandor reported that a growing number of companies are contacting the exchange to join, and that the exchange stands to benefit from a number of emerging initiatives such as state climate registries, efforts to establish regional greenhouse gas trading markets, and proposed greenhouse gas legislation at the state and national levels.

One Company's Perspective

Ron Meissen, senior director of engineering in Environment, Safety, and Health at Baxter Healthcare, described why his company is participating in the Chicago Climate Exchange. Meissen noted that the United Nations considers climate change one of the most serious issues facing humanity. Next year, the Kyoto Protocol will enter into force and a greenhouse gas cap-and-trade system will be established in Europe, affecting three of Baxter's locations.

Meissen said that the company's experience with the Chicago Climate Exchange has been "very rewarding." The process of analyzing its energy use and greenhouse gas emissions, and going through a robust audit of its figures, has helped Baxter gain a clear understanding of its sources of emissions and identify opportunities to improve its energy efficiency.

Meissen and Sandor emphasized that the annual 1 percent reduction commitment is an absolute reduction, not normalized to account for changes in production. "The world needs an absolute reduction in carbon," Meissen said.

Next Teleseminar

The next Performance Track Teleseminar will be held in January, 2005, on the topic of lifecycle analysis. Details on the date, time, and speakers will be posted to the teleseminars page at <http://www.epa.gov/performancetrack/members/tele.htm>.